

Service Date: October 30, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER Of The Application)	
by the Montana Power Company for)	UTILITY DIVISION
authority to establish a New)	DOCKET NO. 85.9.40
Electric Industrial Retention)	INTERIM ORDER 5159
/Interruptible Price.)	

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1. On September 24, 1985, the Montana Power Company (MPC) filed a proposal requesting interim and final approval of an electricity contract between MPC and the Stauffer Chemical Company (Stauffer).

2. The proposed contract features a minimum duration of four years with a two year termination notice required (p. RFC-5). On an interim basis, the contract is effective for only the duration of the Interim Order (contract, p. 3).

3. The Stauffer load remains at its existing 80 MW contracted level. However, the proposed contract makes interruptible 74 MW, leaving only 6 MW as firm load (p. RFC-4). The 74 MW of load can be interrupted for up to 800 hours per year. With 5 minutes notice, the load can be interrupted for 24 continuous hours; 24 to 60 hours with 5 hours notice; and greater than 60 hours with 72 hours notice (p. RFC-6).

4. The proposed contract features prices as set forth in a new "Electric Industrial Retention/Interruptible" price schedule (p. JDH-10). The proposed prices represent a reduction of approximately 27%, as shown below.

	Existing Contract (winter/summer)	Proposed Contract
Customer Charge (\$/mth)	61.28	103,381
Energy (\$/kwh)	.0267/.0244	.01684
Demand (\$/kw)	4.28/2.67	0
Minimum Bill (\$/mth)	161,360	161,360

5. At normalized sales volumes (Statement H, Docket No. 84.11.71), the new proposed contract causes a \$3,381,935 reduction in annual revenues. MPC does not presently propose to reflect this reduction as an increase in other prices (Application, p. 3 and p. JDH-6).

6. MPC maintains that the interruptibility will possibly allow the avoidance of \$5,310,000 in annual capacity purchases from BPA (p. RFC-8).

7. The proposed contract represents a voluntary agreement between MPC and Stauffer. This agreement, on at least an interim basis, does not appear to adversely affect any other customer. The Montana Public Service Commission (MPSC), therefore, provides interim approval pending a full examination of the value of interruptibility and electricity production costs.

8. The MPSC will, at a later time, decide upon a procedure which will allow for a final ruling.

CONCLUSIONS OF LAW

1. The Applicant, Montana Power Company, furnishes electric service to consumers in Montana, and is a "public utility" subject to the regulatory jurisdiction of the Montana Public Service Commission. Section 69-3-101, MCA.

2. The Commission may, in its discretion, temporarily approve increases or decreases pending a hearing or final decision. Section 69-3-304, MCA.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION HEREBY ORDERS:

1. Applicant is granted authority to implement the proposed "EIRI" rate (Appendix A) on an interim basis.

2. Nothing in this interim order precludes the Commission from denying, in its final order, after reviewing the entire record in this docket, approval of the proposed EIRI rate.

3. If the final decision of the Commission is to disapprove the proposed rate, the Commission will not order that a surcharge be paid for the amount not collected by reason of this order.

4. The interim approval granted in this order is to be effective October 28, 1985.
DONE IN OPEN SESSION this 28th day of October, 1985, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Trenna Scofield
Secretary

(SEAL)